

## Message Text

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ACTION XMB-04

INFO OCT-01 NEA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /065 W

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R 141555Z MAY 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 9041

UNCLAS TUNIS 2879

E.O. 11652: N/A

TAGS: EFIN TS

SUBJECT: EXIMBANK FINANCING FOR LOCOMOTIVES

REF: STATE 106169

1. EMBASSY PERCEIVES NO POLITICAL, COMMERCIAL OR OTHER REASONS WHY EXIMBANK SHOULD NOT LOOK WITH FAVOR UPON REQUEST BY GENERAL MOTORS FOR FINANCING OF SALE OF DIESEL LOCLMOTIVES TO TUNISIA. PURCHASER, SNCFT, IS STAWE ENTERPRISE WHICH IS RESPONSIBLE FOR TUNISIA'S ENTIRE RAILROAD SYSTEM WITH EXCEPTION OF SOME MINOR MINING COMPANY RAILROADS. TUNISIAN RAILROAD SYSTEM ALREADY PLAYS IMPORTANT ROLE IN FREIGHT AND PASSENGER TRANSPORTATION. GOT RECOGNIZES, HOWEVER, THAT MAFOR IMPROVEMENT AND EXPANSION IS NECESSARY TO PERMIT RAILROADS TO KEEP PACE WITH EXPANDING ECONOMY AND TO LOWER HIGH OPERATING COSTS. IN ADDITION TO REPLACEMENT OF OBSOLETE OR WORN EQUIPMENT, SEVERAL MAJOR PROJECTS ARE UNDER CONSIDERATION INCLUDING: (1) INSTALLATION OF NEW SWITHCING FACILITIES AND COMMUNICATIONS SYSTEM IN MAJOR RAILROAD YARDS; (2) RECONSTRUCTION OF MAJOR RAILROAD LINE BETWEEN TUNIS AND SFAX; (3) EXTENSION OF RAILROAD LINE FROM SFAX TO TRIPOLI; (4) ACQUISITION OF CONSIDERABLE NEW ROLLING STOCKXX AND (5) CONSTRUCTION OF NEW, MODERN RAILROAD STATION IN TUNIS AND POSSIBLY OTHER MAJOR CITIES.

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2. SNCFT HAS BEEN OPERATING AT A LOSS, LARGELY BECAUSE OF GOT POLICY TO ASSURE THAT RAILROAD TRANSPORTATION REMAINS RELATIVELY CHEAP FOR LOWER INCOME GROUPS. GOT CLEARLY PREPARED TO CONTINUE SUBSIDIZE OPERATION AND NECESSARY EXPANSION OF SNCFT BUT PROBLBLY HOPES THAT RAILROAD REHABILITATION AND EXPANSION PROGRAM WILL INCREASE REVENUES AND REDUCE OPERATING LOSS. HOWEVER, WE SUGGEST EXIMBANK SEEK APPROPRIATE GOT GUARANTIES OF POSSIBLE EXIMBANK DIRECT LOANS AND GUARANTEED LOANS.

3. IN ADDITION TO FOREIGN COMPETITION LISTED PARA 3 REFTEL, EMBASSY UNDERSTANDS THAT CANADIAN MANUFACTURER IS ALSO ANXIOUS TO SELL ITS LOCLMOTIVES TO TUNISIA. GOT HAS OBTAINED CONCESSIONARY FINANCIAL ASSISTANCE FORM BILATERAL AID DONORS IN PAST TO EXPAND RAILROAD AND, WE BELIEVE, WOULD EXPECT FUTURE SUPPLIERS OF MAJOR ITEMS LIKE LOCLMOTIVES TO CONTINUE TO PROVIDE ATTRACTIVE FINANCING. U.S. HAS ADVANTAGE OF FOOT-IN-DOOR BECAUSE IT PREVIOUSLY SUPPLIED SEVERAL LOCLMOTIVES FOR TUNISIAN RAILROADS, BUT WE BELIEVE THIS ADVANTAGE WILL NOT BE SUFFICIENT UNLESS PRICE AND FINANCIAL TERMS ON PROPOSED SALE ARE FULLY COMPETITIVE WITH OTHER POTENTIAL SUPPLIERS. WE BELIEVE EXIMBANK SUPPORT ON AS FAVORABLE TERMS AS POSSIBLE WILL BE REQUIRED IN ORDER TO ASSURE THAT PROPOSED EXPORT TRANSACTION GOES TO U.S. FIRM.  
TIENKEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANK LOANS, ROLLING STOCK  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION XMB  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 106169  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EXIMBANK FINANCING FOR LOCOMOTIVES  
**TAGS:** EFIN, TS  
**To:** STATE  
**Type:** TE  
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